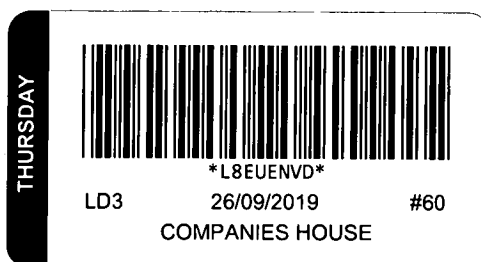


REGISTERED NUMBER: 00679647 (England and Wales)

**Directors' Report and**  
**Audited Financial Statements for the Year Ended 31 December 2018**  
**for**  
**Morganite Carbon Limited**



**Morganite Carbon Limited**

**Contents of the Financial Statements  
for the Year Ended 31 December 2018**

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**Morganite Carbon Limited**

**Directors' Report  
for the Year Ended 31 December 2018**

The Directors present their annual report with the audited financial statements of the company for the year ended 31 December 2018.

The Company is a member of the Morgan Advanced Materials plc group (Morgan Group), which, from March 2016, managed its operations on a global business unit basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

**DIVIDENDS**

The Directors do not recommend the payment of a dividend (2017: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

P A Boulton  
C R Collins  
S A Kent

Other changes in directors holding office are as follows:

S H Mackie - appointed 28 June 2018

**STRATEGIC REPORT**

The Directors have not prepared a strategic report, taking a small companies exemption as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

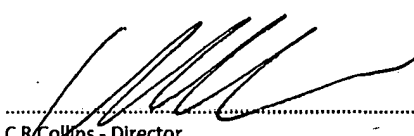
**DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors who held the office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**AUDITORS**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and will therefore continue in office.

**ON BEHALF OF THE BOARD:**

  
C R Collins - Director

Date: 29/9/19

**Morganite Carbon Limited**

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2018**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Independent Auditors' Report to the Members of  
Morganite Carbon Limited**

**Opinion**

We have audited the financial statements of Morganite Carbon Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and loss account and other comprehensive income, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**The impact of uncertainties due to the UK exiting the EU on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as investment impairment and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

**Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

**Independent Auditors' Report to the Members of  
Morganite Carbon Limited**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Responsibilities of directors**

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Paul Sawdon (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date: 25 September 2019

**Morganite Carbon Limited**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2018**

	Notes	31.12.18 £'000	31.12.17 £'000
<b>TURNOVER</b>		-	-
<i>Other operating (expenses)/ income</i>		(1)	-
<b>OPERATING LOSS</b>		(1)	-
Interest receivable and similar income		50	43
<b>PROFIT BEFORE TAXATION</b>	5	49	43
Tax on profit	6	(9)	(8)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		40	35
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		40	35

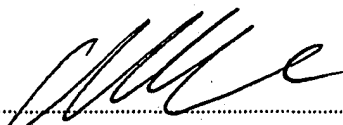
The notes form part of these financial statements

Balance Sheet  
31 December 2018

	Notes	£'000	31.12.18 £'000	£'000	31.12.17 £'000
<b>CURRENT ASSETS</b>					
Debtors	7		3,917		3,868
<b>CREDITORS</b>					
Amounts falling due within one year	8		27		18
<b>NET CURRENT ASSETS</b>			<u>3,890</u>		<u>3,850</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,890</u>		<u>3,850</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		3,850		3,850
Retained earnings	10		40		-
<b>SHAREHOLDERS' FUNDS</b>			<u>3,890</u>		<u>3,850</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 24/9/19 and were signed on its behalf by:

  
.....  
C R Collins - Director



**Morganite Carbon Limited**

**Statement of Changes in Equity  
for the Year Ended 31 December 2018**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2017</b>	3,850	(35)	3,815
<b>Changes in equity</b>			
Total comprehensive income	-	35	35
<b>Balance at 31 December 2017</b>	3,850	-	3,850
<b>Changes in equity</b>			
Total comprehensive income	-	40	40
<b>Balance at 31 December 2018</b>	3,850	40	3,890

The notes form part of these financial statements

**Morganite Carbon Limited**

**Notes to the Financial Statements  
for the Year Ended 31 December 2018**

**1. STATUTORY INFORMATION**

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Quadrant, 55-57 High Street, Windsor, Berkshire, SL4 1LP.

**2. ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

**Taxation**

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

**Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

**Consolidation**

The company is a wholly owned subsidiary of Morgan Advanced Materials plc. It is included in the consolidated financial statements of Morgan Advanced Materials plc, which are publicly available. Therefore the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Quadrant, 55-57 High Street, Windsor, Berkshire, SL4 1LP.

**Morganite Carbon Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**2. ACCOUNTING POLICIES - continued**

**Investment in subsidiaries**

Fixed asset investments are stated at cost less provision for impairment. Impairment provisions are determined by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is the value of expected discounted cash flows arising from owning the investment. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the rate of return expected on an equally risky investment. Impairment losses are recognised in the profit and loss account.

**Going concern**

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is able to operate within the level of its available facilities. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2018.

**3. EMPLOYEES AND DIRECTORS**

The Company has no employees (2017: none).

**4. DIRECTORS' EMOLUMENTS**

The directors performed no qualifying services for the company in respect of the current or preceding periods and therefore received no emoluments.

In the year ended 31 December 2018, an amount of £2,000 receivable by the auditor and its associates in respect of audit services has been paid by another group company (2017: £2,000).

**5. PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging/(crediting):

	31.12.18 £'000	31.12.17 £'000
Interest receivable from Group undertakings	(50)	(43)
General overheads	1	-
	<u>1</u>	<u>-</u>

**6. TAXATION**

**Analysis of tax expense**

	31.12.18 £'000	31.12.17 £'000
<b>Current tax:</b>		
Corporation tax charge	9	8
	<u>9</u>	<u>8</u>
Total tax expense in statement of comprehensive income	<u>9</u>	<u>8</u>

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18 £'000	31.12.17 £'000
Amounts owed by Group undertakings	3,917	3,868
	<u>3,917</u>	<u>3,868</u>

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.18 £'000	31.12.17 £'000
Corporation tax payable	27	18
	<u>27</u>	<u>18</u>

**Morganite Carbon Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**9. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	31.12.18	31.12.17
Number:	Class:		£'000	£'000
3,850,000	Ordinary	£1	<u>3,850</u>	<u>3,850</u>

**10. RESERVES**

	Retained earnings £'000
Profit for the year	40
At 31 December 2018	<u>40</u>

**11. ULTIMATE PARENT COMPANY**

The Directors regard Morgan Advanced Materials plc, incorporated in England and Wales, as being the Company's ultimate parent undertaking. The smallest and largest group in which the results of the Company are consolidated is that headed by Morgan Advanced Materials plc. The Consolidated accounts of Morgan Advanced Materials plc are available to the public and may be obtained from its registered office situated at Quadrant, 55-57 High Street, Windsor, Berkshire, SL4 1LP.